

Hektar Asset Management Sdn Bhd

Anti-Bribery and Anti-Corruption Policy

Version: 1.0

Effective Date: 25 May 2023

The Anti-Bribery and Anti-Corruption Policy has been approved for adoption in accordance with a Board Resolution passed at the Board Meeting held on 25 May 2023.

Table of Contents

Abbreviations	1
1.0 INTRODUCTION	2
1.1 Policy Statement.....	2
1.2 ABAC Policy Objectives.....	2
1.3 Scope and Application	2
1.4 Key Definition.....	4
2.0 RESPONSIBILITIES	6
3.0 CORRUPTION RISK ASSESSMENT APPROACH	8
4.0 RISK AREAS	8
4.1 Gifts, Corporate Hospitality and Entertainment.....	8
4.2 Corporate Social Responsibility (“CSR”), Donations and Sponsorships	9
4.3 Facilitation Payment.....	10
4.4 Financial and Non-Financial Controls	11
4.5 Significant Investment, Acquisitions and Mergers	13
5.0 DUE DILIGENCE PROCEDURES	13
5.1 Dealing with Vendor, Contractors and Suppliers.....	14
5.2 Dealing with Agent or Intermediaries	15
5.3 Dealing with Public Officials.....	16
5.4 Recruitment of Employees.....	16
5.5 Appointment of Board of Directors.....	17
6.0 REVIEW, MONITORING AND ENFORCEMENT	17
7.0 RECORD KEEPING AND DOCUMENTATION	18
8.0 REPORTING CHANNEL	18
9.0 COMMUNICATION AND TRAINING	19

Abbreviations

In this ABAC Policy, the following abbreviations shall have the following meaning unless otherwise stated:

Abbreviation	Definition
ABAC	Anti-Bribery and Anti-Corruption
ARMC	Audit and Risk Management Committee
BOD	Board of Directors
CoCE	Code of Conduct and Ethics
CSR	Corporate Social Responsibility
DAL	Discretionary Authority Limits
CEO	Chief Executive Officer
HAMSB	Hektar Asset Management Sdn. Bhd
HPSB	Hektar Property Services Sdn. Bhd
MACC	Malaysian Anti-Corruption Commission
REIT	Real Estate Investment Trust
SOP	Standard Operating Procedure
WB	Whistleblowing Policy

1.0 INTRODUCTION

1.1 Policy Statement

- 1.1.1 The Board of Directors (the "Board") of Hektar Asset Management Sdn Bhd ("HAMSB" or "the Company") is committed to a zero tolerance policy against all forms of bribery, fraud and corruption in all business conduct.
- 1.1.2 All Stakeholders shall not participate in any corruption activities such as bribery, fraud, abuse of power, extortion, collusion, embezzlement, breach of trust and money laundering in an attempt to illicitly influence the decision or actions of a person in a position of trust within an organisation, either for the intended benefit of the Company or the persons involved in the transaction.
- 1.1.3 The Policy applies to all the business dealings of the Company with all public and private sectors entities, and everyone is expected to comply with all applicable anti-bribery and anti-corruption policy and procedures established.
- 1.1.4 No Employee will suffer demotion, penalty or other adverse consequences for refusing to provide or receive bribes or other unlawful behaviour, even if such refusal may result in the Company's inability to secure business opportunities.

1.2 ABAC Policy Objectives

- 1.2.1 In reaffirming the importance of bribery, fraud and corruption prevention, the Board has set out the Anti-Bribery and Anti-Corruption Policy (the "ABAC Policy"). The Policy defines the policies and procedures for Hektar REIT's Manager namely HAMSB, the appointed Property Manager and its related entities.
- 1.2.2 The ABAC Policy shall be read together but is not limited by HAMSB's Code of Conduct and Ethics ("CoCE"), the baseline standard and guideline for ethical business conduct in dealing with stakeholders, the Approved Discretionary Authority Limits ("DAL"), Whistleblowing Policy (WB") and other operational policies and procedures to support deployment of Management's directives.
- 1.2.3 The objectives of the ABAC Policy are:
 - a. to ensure the policies and practices are embedding ABAC stance organisation wide, guided by Guideline on Adequate Procedures and requirements of Malaysian Anti-Corruption Commission ("MACC") Act 2009;
 - b. to ensure standardised and adequate procedures are implemented companywide to prevent occurrence of corrupt practices in the course of business; and
 - c. to ensure that business operations within the Company are strictly adhering to the ABAC Policy.

1.3 Scope and Application

- 1.3.1 This ABAC Policy is applicable to the following stakeholders:
 - a. all Directors of the Company, both executive and non-executive, unless otherwise stated in this ABAC Policy;
 - b. every Employee of the Company; and

- c. customers, suppliers, contractors, sub-contractors, consultants, agents, business associates, representatives and others performing work or services for or on behalf of the Company.

1.3.2. Engaging in bribery or corrupt practices can have severe consequences for all stakeholders, the Company and Hektar REIT's reputation including negative consequences such as financial loss and disbarment from business.

1.3.3. If any of the Company's stakeholders are found to have breached any ABAC rules and regulations of this ABAC Policy, such breach may result in the following actions being taken:

Stakeholders	Actions taken
Directors, Management and other Employees	Disciplinary action in accordance with the Company's CoCE which includes termination of employment and reporting to enforcement agencies.
Other Stakeholders such as Vendors / Agents / Customers / Business Partner	<ul style="list-style-type: none"> i. Subjected to BOD's approval, to retain business dealings; ii. Discontinue business dealings with immediate effect; iii. Termination of contract with immediate effect; or iv. Legal proceedings if required.

1.3.4 If any of the Company's stakeholders are found to have breached any ABAC rules where there is a conflict between the contents of the ABAC Policy, Rules (including Circulars and Letters) from the regulators shall automatically supersede the existing operating policies and procedures herein stated.

1.3.5 If there is any requirement to update, improve, and/or amend this ABAC Policy, the proposed changes shall be recommended to the CEO and approved by the Board. Key information on addition of new policy/ procedure and deletion or variation of existing policy/ procedures shall be indicated clearly for version control purpose.

1.3.6 This ABAC Policy is available at www.hektarreit.com.

1.4 Key Definition

In the context of the Policy, the following terms are ascribed with the following definitions:

Terms	Definition
Bribery	Offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.
Board of Directors	The Board of Directors of HAMSB.
Business associate	Any third party whether an individual, enterprise, or any form of incorporated legal entity by whatever name who does not have an employment relationship with the Company but some degree of involvement in the business dealings. Business associates provide services to or on behalf of the Company and includes but not limited to suppliers or producers of raw materials, appointed distributors, agents, tenants, contractors, logistics service providers, information technology or information system vendors, event management companies, external company secretaries, lawyers and consultants.
Conflict of Interest	A situation whereby personal interests and relationships impair or appear to impair the independence of any judgment in which, the Director or Employee may need to exercise in discharging his duties to the Company. It could also arise in situations where an individual is in a position to take advantage of his role in the Company for his personal benefit, including the benefit of his family members or close acquaintances. This would undermine the duties of good faith, fidelity, diligence and integrity as expected by the Company from its Directors and Employees in discharging their duties and obligations.
Corporate Hospitality	Any considerate care of guests offered in the manner that complete expenses are borne by the company itself. This includes refreshments, accommodation and entertainment at a restaurant, hotel, club, resort or other venues.
Corruption	An act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/ her job description.
Director	A director (executive and non-executive) of the Company in accordance with the definition provided in the Companies Act 2016.
Entertainment	Include but not limited to the following provision of: a. food, drink, recreation or entertainment of any kind; and/ or b. accommodation or travel in connection with or for the purposes of facilitating entertainment of kind mentioned in paragraph (a) above; with or without consideration paid whether in cash or in kind, in promoting or in connection with a trade or business activities and/ or transactions.

Terms	Definition
DAL	A set of instructions approved by the Board on the approving authority for decision making and limits of authority for HAMSMB and its related entities, if any.
Donation	The gift given out by the Company for charity, humanitarian aid or to support local community welfare, whether in-kind or by way of financial contribution.
Employee	Any person who is employed by the Company in exchange for services performed to or on behalf of the Company either on permanent, temporary, on assignment or secondment basis.
Extortion Payment	Money that is forcibly extracted from the Company or its Employee by real or perceived threat to health, safety and liberty. This list is not exhaustive and limited to the scope of ABAC, and subject to the discretion of the CEO and/ or Board.
Facilitation Payment	Any form of payment made to a person or an entity in order to facilitate, expedite and/ or secure the interest of the giver or persons connected to the giver through the performance of a routine or administrative duty or function.
Family member	Refers to persons who falls within any one of the following categories: a. spouse; b. parent including parent in-law and grandparents; c. child including adopted child, stepchild and grandchild; d. sibling, niece, nephew, uncle, aunt, cousin and any person related through adoption and legal guardianship; and e. spouse of the person referred to in subparagraphs (c) and (d) above.
Gift	Include but not limited to something that is bestowed voluntarily and without any form of compensation and shall constitute money, donation, loan, fee, reward, valuable security, goods, services, movable or immovable property, interest or use of the Company's facilities or property that may provide any other similar advantage or benefit
Guideline on Adequate Procedures	The document issued by the Prime Minister's Department in December 2018, pursuant to Section 17A (4) and (5) of the MACC Act 2009.
Management	Refers to C-suite employees of the Company,
Public Official	Refers to, without limitation a person holding legislative, administrative, or judicial office, including officials of state-owned enterprise of public agency and officials of any political party.
Sponsorship	A support, either financially or by way of product and/ or services for an event or activities organised by a profit/ non-profit organisation, local communities, government departments or agencies, primarily aimed at raising awareness about the Company profile.
Whistleblower	A person (internal or external) raising or reporting concerns of wrongful activities or wrongdoings as defined in the Whistleblowing Policy.

2.0 RESPONSIBILITIES

2.1 Board of Directors

- 2.1.1 Establish commitments within the Company and Hektar REIT which reinforces culture of integrity and prohibition of bribery and corruption in the business conduct within the Company.
- 2.1.2 Review and approves the ABAC Policy and delegates the responsibility of overseeing the implementation and reviewing the ABAC Policy to the Audit and Risk Management Committee ("ARMC").
- 2.1.3 The Board and ARMC shall:
 - 2.1.3.1 Demonstrate model behaviour and lead by example.
 - 2.1.3.2 Oversee ABAC's governance, ensuring that the policy, strategy, business conduct and culture of the Company is adequately addressing the Company's bribery and corruption risks.
 - 2.1.3.3 Support anti-bribery and anti-corruption compliance programmes and review its effectiveness on an annual basis or at a minimum of once every 3 years.
 - 2.1.3.4 Review the corruption risks assessment report.
 - 2.1.3.5 Promote the use of the whistleblowing channel and give assurance on whistleblowing protection.
 - 2.1.3.6 Accountable for providing direction on managing any incident in relation to bribery or corruption and instruction of disciplinary action against any individual or group of persons based on the evidence gathered.

2.2 Chief Executive Officer and Management

- 2.2.1 Assists the Board in discharging their duties to combat bribery and corruption in furtherance of the Company's commitment to lawful and ethical behavior at all times.
- 2.2.2 Provides guidance to Employees and Directors concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.
- 2.2.3 Embed the anti-corruption and bribery culture and practices throughout the Company by providing direction on the establishment, implementation and periodic review of ABAC Policy.
- 2.2.4 Assigns and adequately resource personnel or function (which may be external to the organization) with a line of authority to be responsible for all anti-corruption compliance matters, including provision of budget for training and awareness programmes for the Employees of the Company in relation to the corruption programme.
- 2.2.5 Ensures the effective implementation of the ABAC's policy and procedures.
- 2.2.6 Encourages the use of any reporting channel in relation to any suspected and/or real corruption incidents or inadequacies in the anti-corruption compliance programme.

2.3 Risk and Assurance Department

- 2.3.1 Assists the Board, ARMC and CEO to assess and manage corruption risk potentially affecting the Company.
- 2.3.2 Coordinate anti-bribery and anti-corruption compliance programme.
- 2.3.3 Coordinate organisation-wide annual risk assessment exercise for the purpose of identifying the risk areas in which the Company may be exposed to bribery and corruption.
- 2.3.4 Oversees the implementation of compliance controls related to ABAC Policy by providing guidance to Employees and Directors concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.
- 2.3.5 Reports to the CEO, ARMC and Board on yearly basis the corruption risk assessment, anti-bribery and anti-corruption programme performance efficiencies, and outcome of any audit review with regards to corruption and bribery (if any).
- 2.3.6 Periodically review the ABAC Policy and initiate the revision or enhancement, considering relevant developments in the relevant legislatures on an annual basis or at minimum of once every 3 years.

2.4 Employees

- 2.4.1 Be familiar with and adhere to the ABAC Policy and all the underlying controls affecting his/ her responsibility.
- 2.4.2 Attend awareness programmes for all Employees to refresh awareness of anti-bribery and anti-corruption measures, and to continuously promulgate integrity and ethics.
- 2.4.3 Raise suspicious transactions to immediate superiors for guidance on the next course of action.
- 2.4.4 Promptly report violations or suspected violations through appropriate means such as whistleblowing channel.

3.0 CORRUPTION RISK ASSESSMENT APPROACH

- 3.1 In line with the Board's commitment to prevent corruption, the Company acknowledges the need to conduct an organisation-wide bribery and corruption risk assessment.
- 3.2 The risk assessment is guided by Risk Management Framework which outlines the governance and assessment process, and integration of risk management into the Company operations activities to promote continuous monitoring on the corruption risk identified.
- 3.3 In this regard, the Company conducts comprehensive risk assessments on yearly basis or when there is a change in law or circumstance of the business to identify, analyse, assess, establish controls, formulate risk treatment plans and continuously monitor effectiveness of the systems and controls approved by the Board and Management to mitigate the identified corruption risks which the Company is exposed to.
- 3.4 The bribery and corruption risks are essential elements of the Company's risk register, and the Management will ensure that resources are strategically deployed to combat potential instances of bribery and corruption.
- 3.5 The risk register shall reflect all the risk parameters to estimate the risk likelihood (i.e., probability of risk occurrence), risk consequence (i.e., impact and severity of risk occurrence) and the root cause(s).
- 3.6 The risk owners with consultation by Risk and Assurance Department shall formulate and act upon risk treatment plan(s) and report to CEO for review and monitoring.

4 RISK AREAS

It is crucial for all Employees as risk owners to identify red flags and evaluate their exposure towards bribery and corruption risks when carrying out any actions on behalf of the Company. The following are the key risk areas that all Employees shall observe and comply with all internal controls, policies and procedures established and sanctioned by the Management to mitigate the specific corruption risks that the Company may be exposed to.

The Company expects all Directors and Employees to act in accordance with the highest standards of personal and professional integrity in all aspects of their duties and employment. The following guideline sets out the general conduct and behavior of the Directors and Employees in respect of Conflict of Interest in discharging their duties. The internal controls are not exhaustive and should be regularly reviewed and kept up to date.

4.1 Gifts, Corporate Hospitality and Entertainment

- 4.1.1 As a general principle, the Company adopts a "No Gift" policy. All Directors, Employees and their family members shall not give or receive any gifts and/or sponsorship to or from third party/parties. All Directors and Employees shall immediately decline or return any gifts and/or entertainment should they be offered by third party/parties.
- 4.1.2 By abiding to this, any Conflict of Interest or appearance of Conflict of Interest for either party in the ongoing or potential business dealing between the Company and any third parties or the public can be avoided. This is important as the gift can be seen

as a bribe that may tarnish the reputation of the Company and violate anti-bribery and anti-corruption laws.

- 4.1.3 Nonetheless, the Company recognises the importance of gifting, corporate hospitality and entertainment to maintain business courtesies as long as it does not interfere with ethical business judgment and not create an actual or appearance of Conflict of Interest or impropriety.
- 4.1.4 In view of this, the Directors and Employees are permitted to give or receive any gifts and/or sponsorship such as during festive seasons or during any promotional activities. It shall be given or accepted in a bona fide manner, be declared in the Gift, Entertainment and Corporate Hospitality Declaration Form and approved by the appropriate level of Management based on the quantum or nominal value as defined in the CoCE and / or DAL.
- 4.1.5 Utmost care shall be taken to ensure that the nature of such entertainment is not inappropriately lavish or excessive, they are not frequent or reflect a pattern of frequent acceptance from the same person or entity and the entertainment does not create the appearance of an attempt to influence any business decisions.
- 4.1.6 In addition to the above, gifts, corporate hospitality and/or entertainment to be given or received by Directors or Employees should strictly be rejected if the intention of such proceeds is to: -
 - a. influence any present or future act or decision by that Director or Employee; or
 - b. induce such Director or Employee to perform or omit any act in violation of his proper duties and responsibilities; or
 - c. induce such Director or Employee to use or direct any other person to use his influence with a government, or any of its representatives, divisions or agencies to affect or influence any act or decision of any such government, representative, division or agency and in any or all of the above cases, for the purposes of expediting, benefiting, prejudicing or affecting in any way whatsoever whether directly or indirectly, the business dealings or relationship of the giver with the Company.
- 4.1.7 Any gifts, corporate hospitality and/or entertainment which are deemed to be unacceptable by the Director or Employee shall be: -
 - a. returned to the giver where practicable; or
 - b. where such gifts, corporate hospitality or entertainment could not to be returned to the giver due to impracticability, the said Director or an Employee shall reimburse the giver for the gifts or entertainment received in the full amount.

4.2 Corporate Social Responsibility ("CSR"), Donations and Sponsorships

- 4.2.1 The Company is committed to contributing to the well-being of the people and the local communities in the jurisdictions where it operates in. It is, however, important that all CSR initiatives, donations and sponsorships are made in accordance with the Company's policies and DAL.

- 4.2.2 Requests for such contribution must be made to a legitimate organisation and must be carefully examined and not be made to improperly influence a business outcome or secure a business advantage and be seen as a means to cover up an undue payment of bribery.
- 4.2.3 Due care must be taken to ascertain:
- a. that the beneficiaries are valid/registered entities and appropriate due diligence must be conducted in particular to ascertain whether any Public Officials are affiliated with the organisation. Caution must be exercised in making donations to organisations that have links to government officials or their families, as this could be seen as an act of favors with the purpose of influencing the official's decision for the benefit of the Company;
 - b. the contributions conform to the beneficiaries' rules and policy on donations and sponsorship; and
 - c. the contribution will be used for the intended purpose and not disguised as illegal payments to public officials or violation of local and / or laws such as anti-money laundering, anti-terrorism and other jurisdictions.
- 4.2.4 The Company does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office. In very limited circumstances, if any contribution is to be made, it must be approved by the CEO, permissible under applicable laws and must not be made with any promise or expectation of favorable treatment in return and must be accurately reflected in the contributor's accounting books and records.
- 4.2.5 Any red flags must be resolved before committing any funds to the programme. Even requests determined to be legitimate must be carefully structured to ensure that the benefits reach their intended objectives and recipients.
- 4.2.6 All donations and sponsorship permissible with prior written approval in accordance with the DAL shall be supported with an official letter of request from the external requestor and the official proof of receipt shall be kept for record keeping.

4.3 Facilitation Payment

- 4.3.1 The Company prohibits accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the Employee himself or for any other person who is subject to the CoCE as it is seen as a form of bribery and corruption.
- 4.3.2 All directors and Employees subject to the CoCE must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment.
- 4.3.3 Facilitation payment shall also not be in any way or form disguised or translated into the personnel remuneration package.
- 4.3.4 However, the exception to facilitation of payment is permissible if any Directors or Employees' life, safety or liberty are threatened. The affected Director or Employee shall immediately report the matter to the CEO and subsequently notify the Board for further action.

4.4 Financial and Non-Financial Controls

The Company has in place the financial and non-financial controls to address various business processes and payments to third parties / business associates. Some of the key controls that must be strictly complied with and enforced are:

4.4.1 Financial Controls

a. DAL

The authorisation of expenditure and payment is governed by DAL. The authority matrix outlines the decision areas, assigned personnel empowered to authorise and approve the transactions in accordance with their respective prescribed limits.

Segregation of duties are in place whereby the approving process involves different level and / or departmental function throughout the key decision areas.

The DAL are accessible to all Directors and Employees, and they are expected to be aware of and understand their authority limits together with related policies, standard operating procedures or guidelines.

Any non-compliance with the DAL is a misconduct and may be subject to disciplinary actions in accordance with CoCE.

The DAL is subject to review, to reflect any changes necessary to ensure that it facilitates timely, effective and quality decision making.

b. Bank Signatories and Signing Limits

The key controls are all bank accounts to be jointly operated by at least two (2) authorised signatories and different levels of signing limits are assigned to the signatories according to their seniority.

Apart from the above, any request for the opening of a new bank account, closing of account and revision of authorised signatories or signing limits are subject to the approval by the CEO.

c. Payment for Completed Works / Services / Supplies

Payment can only be made to the contracting party and not any other third party or individual. Proper segregation of duties, verification, authorisation, approval and supporting documents must be complete before payment can be made.

4.4.2 Non-Financial Controls

a. Pre-qualification and due diligence process

A pre-qualification and due diligence process are in place to evaluate any relevant parties or personnel such as Directors, Employees, agents, vendors, contractors, suppliers, consultants and public officials prior to entering into any formalised relationships for purposes of assessing the levels of exposure of the relationship towards commission of bribery and corruption.

The scope and extent of the due diligence required will vary depending on the circumstances or nature of each transaction and any red flag identified.

Areas of assessment shall cover but not be limited to background checks on the person or entity, documents verifications and interviews to assess the risk or likelihood of their participation in unethical business practices or corruption.

The assessment shall be undertaken prior to entering into the hiring or a contract with the business associates and the outcome of any concerns raised during the assessment shall be communicated to Management prior to entering into the relationship.

b. Fair competitive process

A fair competitive process is in place where several qualified business associates are invited to compete on price, terms, technical, delivery and quality aspects. A minimum number of pre-qualified business associates invited to quote, or tender must be established in order to reduce the risk of corruption or forming a cartel among them.

In the event of non-compliance with the policy such as single source, sole source or less than minimum 3 quotations, Management's approval must be obtained with proper written justifications.

The process owner is expected to continuously explore and develop other potential sources of supply in the market in order to widen the existing pool of qualified business associates. In addition, the procurement process shall take into consideration the integrity of the tenders or quotations and other price sensitive information by restricting access to the sealed envelope and / or use of tender box under dual lock and key to authorised personnel only.

c. Payments to be made to business associates are reasonable and proportionate to the work, services or supplies to be carried out.

Reasonable and proportionate steps are taken to ensure that there are no unusual or unexplained payments to a business associate which could possibly indicate a corrupt transaction. This is particularly important where there is a risk that the business associate may use part of the payment made to pay a bribe on behalf of or for the benefit of the Company.

Some of the examples of potential red flags or areas of high corruption risk may include but are not limited to:

- i. unreasonable, unjustifiable or unsupported variation orders, extension of time, changes of specifications after tender, project payments.
- ii. operating company may be requested by the business associate to appoint a preferred supplier nominated by the business associate at higher than market price and / or without a valid business reason.
- iii. unusually high amount of commission / fees (e.g., beyond the market / norm) paid or given to a business associate.

4.5 Significant Investment, Acquisitions and Mergers

- 4.5.1 The Company undertakes due diligence in evaluating investments, acquisitions or mergers to ensure compliance with anti-bribery and anti-corruption laws.
- 4.5.2 Due diligence process involves verification, investigation or audit of potential deal or investment opportunity to confirm all relevant information are verified. The due diligence process may be conducted by a third party.
- 4.5.3 The guidelines on undertaking anti-bribery and anti-corruption due diligence in the course of investments, acquisitions or mergers are as follows:
- a. Anti-bribery and anti-corruption due diligence is considered on a proportionate basis for all investments but on a risk-based approach, with the level of due diligence being proportionate to the investments and the perceived likelihood of risk of bribery.
 - b. The level of anti-bribery and anti-corruption due diligence for the transaction is commensurate with the bribery risks.
 - c. Anti-bribery and anti-corruption due diligence starts sufficiently early in the due diligence process to allow for adequate due diligence to be carried out and for the findings to influence the outcome of the negotiations or stimulate further review if necessary.
 - d. The Management and / or Board provide commitment and oversight to the due diligence reviews.
 - e. Information gained during the anti-bribery and anti-corruption due diligence is conveyed efficiently and effectively to the Company's management and / or Board for deliberation and decision making prior to finalisation of the investment, acquisition or merger exercise.
- 4.5.4 Cross reference shall be made with the Company's Investments Standard Operating Procedure to avoid any breach of investment restrictions and limits and in compliance with its due diligence guidelines.

5 DUE DILIGENCE PROCEDURES

The Company expects that all dealings with third parties, which include contractors, suppliers, agents, consultants, joint venture partners, introducers or government intermediaries and Public Officials for or on its behalf to share the common values and ethical standards in combating bribery and corruption as their actions can implicate the Company legally and tarnish its reputation.

Therefore, the Company is obligated to conduct appropriate counterparty due diligence to understand the business and background of any prospective business counterparties before entering into any arrangements. The selection consideration and criteria are guided by the Procurement Framework with Standard Operating Procedures ("SOP") established by the related entities.

To ensure that the Company conduct business with third parties that share the Company's standards of integrity, the following must be observed and complied:

- a. Conduct due diligence and conflict of interest check on the person or entity to be appointed by completing the Business Associates Due Diligence Assessment Form.

- b. Ensure all third parties are made aware of the Company's COCE and ABAC Policy and our expectations of them. All Business Associates shall declare their adherence to the ABAC Policy via ABAC Declaration Form.
- c. To complete the ABAC Due Diligence Assessment Checklist. Do not enter into any business dealings with any third party reasonably suspected of engaging in bribery and improper business practices unless those suspicions are investigated and resolved.
- d. Continue to be aware of and to periodically monitor third party performance and business practices to ensure ongoing compliance.

If at any point during the due diligence exercise or in the dealings with a third party, there are conflicts of interest or "red flags" are raised, these warrant further investigation and must be sufficiently addressed before the engagement of the third party can progress. Examples of common "red flags" involving third parties include:

- a. Transaction involves a country known for a high incidence of corrupt payments.
- b. Family member, business or other "special" ties with government or Public Officials.
- c. A reference check reveals a flawed background or a reputation for getting "things done" regardless of the circumstances or suggests that for a certain amount of money, the third party can fix the problem.
- d. Objection to anti-bribery and anti-corruption representations and warranties in commercial agreements or negative response when informed of such requirements.
- e. Convoluted payment arrangements such as payment in cash, payment to another third party or to accounts in other countries or requests for upfront payment for expenses or other fees.
- f. The third party requires that his /her identity not be disclosed as part of the business transaction.
- g. Inadequate credentials for the nature of the engagement or lack of an office or an established place of business.

The Company requires its Directors and Employees to use good judgment and common sense in assessing the integrity and ethical business practices of third parties and has provided the above precautions as a guideline.

All departments have to maintain written records evidencing that due diligence has taken place and that any risks identified have been carefully considered and mitigated as practicably as possible.

Employees should seek advice from Risk and Assurance Department whenever particular questions arise relating to third parties that the Company has appointed or is considering appointing.

5.1 Dealing with Vendor, Contractors and Suppliers

- 5.1.1 In line with the general principles of the CoCE, the Company is committed to uphold the highest standard of ethics and integrity in all aspects of its procurement activities. The Company should avoid dealing with any contractors or suppliers known or reasonably suspected of corrupt practices or known or reasonably suspected to pay bribes.
- 5.1.2 The Company ensure that all procurement activities are in line with their respective procurement policy and procedures, which include:
 - a. due diligence of contractors and suppliers is undertaken via the Due Diligence Assessment Form before they are registered or licensed with the Company.
 - b. conflict of interest check shall also be carried out during the due diligence.

- c. contractors and suppliers are made aware of and understand the CoCE and ABAC Policy and that they will comply accordingly. All Vendor, Contractors and Suppliers shall declare their adherence with the ABAC Policy via ABAC Declaration Form.
 - d. all commercial contracts, purchase orders and invitations to bid/ quote incorporate the provisions relating to business conduct, conflict of interest and prohibition from giving gratifications.
 - e. all commercial contracts with major contractors and suppliers incorporate a provision whereby the Company retains the right to audit third party compliance with the CoCE and the provisions under ABAC Policy.
- 5.1.3 The Company must conduct due diligence on prospective contractors and suppliers to confirm whether or not these external parties have in place anti-bribery and anti-corruption programmes and declaration that they will not engage in any improper practices.
- 5.1.4 Screening through due diligence process and procedures should be conducted on prospective contractors or suppliers, its Directors and top management to assess their exposure to corruption risk.
- 5.1.5 The Company should also monitor significant contractors and suppliers as part of their regular review of the performance of the third party. The Company has the right to terminate their services in the event that these third parties pay bribes or act in a manner which is inconsistent with the CoCE and ABAC Policy.
- 5.1.6 If any red flags are raised, these issues must be resolved. If it is not possible then the company must be barred from being on the list of registered or licensed contractors or suppliers and /or disqualified from participating in any tender or purchasing activity.

Due Diligence Checklist for Contractors and Suppliers

The procurement function must follow the following procedures when dealing with contractors and suppliers:

- a. perform a risk assessment based on the Risk Management Framework;
- b. undertake due diligence on the third party depending on the result of the risk assessment performed; and
- c. preparing and maintaining appropriate written documentation of the due diligence and risk assessment performed.

5.2 Dealing with Agent or Intermediaries

- 5.2.1 The Company undertakes due diligence via the completion of Due Diligence Assessment Form in evaluating the appointment of Agents / Intermediaries to ensure compliance with anti-bribery and anti-corruption laws and the provision of this Policy.
- 5.2.2 The guidelines prior to entering into a contract / agreement with the Agents are as follows:
- a. There is a valid business case for appointing Agents / Intermediaries and the appointment must be approved by the Management of the respective operating companies.
 - b. The fees paid to Agents / Intermediaries are reasonable and justifiable in relation to the services rendered.

- c. Payment will only be made to the appointed Agent / Intermediaries and not to another third-party organization or individual.
- d. Agents / Intermediaries are made aware of and understand the CoCE and this Policy and that they will comply accordingly.
- e. The Company will have the right to terminate the Agent / Intermediary's agreement if the Agent / Intermediary has acted in a manner inconsistent with the provisions of this Policy.

5.2.3 All Agent / Intermediary shall declare their adherence to the ABAC Policy via ABAC Declaration Form.

5.3 Dealing with Public Officials

5.3.1 Caution shall be exercised when dealing with public officials and their family members as providing gifts, entertainment and corporate hospitality can be considered as red flags in most jurisdiction.

5.3.2 All Directors and Employees are prohibited from paying for non-business travel and hospitality for any government official or his /her family member / household members without prior approval from the CEO.

5.4 Recruitment of Employees

5.4.1 The Company provides equal opportunity for any qualified and competent individual to be employed by the Company from multicultural and multiracial background, sourced externally, locally and internationally.

5.4.2 The recruitment of Employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of Employees.

5.4.3 In line with this, more detailed background checks such as criminal, bankruptcy, financial (credit rating) and reference checks with former employer must be conducted when hiring employees. Reference could also be made via MACC's Corruption Offenders Database in assisting in the due diligence process concerning hiring and appointment of employees.

5.4.4 Background screening and reference check on shortlisted candidate(s) is required during the evaluation stage of recruitment process. Human Capital personnel shall complete the Employee Background Check Authorisation Form and Employee Background Check Checklist. For Senior Manager and C level hiring, a comprehensive background check such as credit report and bankruptcy search must be conducted.

5.4.5 Key considerations prior to acceptance of shortlisted candidate(s) cover the following:

- a. past criminal records (if any);
- b. potential fraud, bribery or corruption committed in the previous organisation;
- c. verification of past employment or institution of learning references, where applicable; and
- d. conflict of interest, i.e., relationship with any Employee, vendor, customer or Director of the Company.

- 5.4.6 Recruitment due diligence result for Senior Management and above shall be recommended by CEO and EXCO and approved by the Board prior to acceptance of the candidate in accordance with the DAL.
- 5.4.7 Newly recruited Employee(s) shall be provided with an onboarding programme, including the briefing on ABAC Policy, CoCE and Whistleblowing Policy. .
- 5.4.8 All Employees shall declare their adherence to the ABAC Policy via ABAC Declaration Form.

5.5 Appointment of Board of Directors

- 5.5.1 The Board with the assistance from the Company Secretary is responsible in ensuring that the proper procedures are done within the context of the fit and proper assessment on the appointment of the Board including:
 - a. undertakes due diligence during the Director's selection process.
 - b. ensures that ongoing assessments are provided to Directors during their tenure (i.e., declaration of conflict of interest)
 - c. monitors training needs to better understand the Company's internal policies with regards to anti-bribery and anti-corruption on an ongoing basis
- 5.5.2 Directors who are not Employees of the Company are required to make a self-declaration on matters pertaining to conflict of interest, compliance and corruption to the Compliance Officers. when they are first appointed.
- 5.5.3 The Due Diligence Assessment Form shall be used in guiding the assessment.

6.0 REVIEW, MONITORING AND ENFORCEMENT

- 6.1 All Directors, Employees and business associates or third parties are encouraged to read, understand, comply and declare their acceptance and compliance with the ABAC Policy.
- 6.2 The Company will take continuous steps to review and improve the ABAC Policy and programmes in order to ensure that there is adequate procedures and internal controls to manage corruption risks and being implemented effectively.
- 6.3 The ABAC Policy will be reviewed on a regular basis as and when there is any change to the prevailing Laws and Regulations or operating environment of the Company or at least once every three (3) years.
- 6.4 If there is any requirement to update, improve, and/ or amendments made to this ABAC Policy, proposed changes shall be recommended by CEO and approved by the Board. Key information on addition of new policy/ procedure and deletion or variation of existing policy/ procedures shall be indicated for version control purpose.

a. On-going review and improvement

The Risk Officer is to monitor and assess on an on-going basis whether the anti-bribery and anti-corruption programme established is:

- i. adequate to effectively manage the corruption risks faced by Hektar REIT; and
- ii. being implemented effectively.

In doing so, the Risk Officer should consider any weaknesses, deficiencies and make recommendations for improvement. An independent consultant may also be engaged to ease the review and improvement process.

b. **Periodic audit**

The Risk Officer will ensure that all committed action plans are executed to address the highlighted areas of concerns with regards to bribery and corruption risk and the ABAC Policy.

c. **Board oversight review**

The Board is to:

- i. review the Risk Management Report, Internal Audit Report and other relevant reports related to corruption risks.
- ii. ensure that appropriate actions are taken to rectify any weaknesses or deficiencies identified and implement appropriate improvements to the programme.

7.0 RECORD KEEPING AND DOCUMENTATION

- 7.1 All financial records, accounts, invoices, register and all written forms and records relating to dealing with third parties and outcome of due diligence review for all affected parties shall be prepared and maintained with accuracy and completeness to substantiate the business reason for making payments to the third parties or business associates and not for other purpose linked to alleged corruption or bribery. All information in the documents and record keeping shall not reflect false or misleading entry, misstated or altered information and no accounts are to be kept "off-book" to facilitate or conceal improper payments.
- 7.2 All the relevant SOP must be properly maintained and regularly reviewed and updated for strict compliance and enforcement.
- 7.3 All records such as minutes or notes of meeting(s), operational work documents and transactions pertaining to this Policy and any related ABAC programmes or activities must be properly retained for at least seven (7) years in order to comply with Company's policy/ SOPs and any requests from relevant authorities.

8.0 REPORTING CHANNEL

- 8.1 The Company encourages openness and transparency in its commitment to the highest standard of integrity and accountability.
- 8.2 If any person makes a report or disclosure about any actual or perceived bribery or corruption in good faith, belief, without malicious intent, that a breach or violation as aforesaid may have occurred or may be about to occur, he / she will be accorded protection of confidentiality, to the extent reasonably practicable, notwithstanding that, after investigation, it is shown otherwise.
- 8.3 Any alleged or suspected improper conduct will be investigated and addressed in accordance with the Company's Whistleblowing Policy, a copy of which is available from Human Resource Department or the Hektar REIT's website at www.hektarreit.com.

- 8.4 The whistleblowing channel will be monitored and tested periodically for effectiveness and efficiency.
- 8.5 Reference shall be made to the Whistleblowing Policy pertaining to reporting procedures on suspected bribery or corruption activities.
- 8.6 Whistleblowers are encouraged to report in good faith or to raise a concern about any attempted, suspected and actual bribery or corruptions activities that violates the ABAC Policy at the earliest possible stage.
- 8.7 Upon making a disclosure in good faith, based on reasonable grounds and in accordance with the procedures pursuant to the Whistleblowing Policy, the whistleblower shall be protected from any form of retaliation within the Company.
- 8.8 The Company shall at its discretion make a report to the relevant enforcement authority upon actual conviction by any Directors and /or Employees.

9.0 COMMUNICATION AND TRAINING

- 9.1 The ABAC Policy shall be communicated to all Directors and Employees and be published on the Hektar REIT website. All Directors and Employees are also required to sign a declaration confirming that they have received, read and understood the Policy and shall comply with it.
- 9.2 The communication of this Policy and programmes to all stakeholders can be conducted in a variety of formats and mediums. These may include, but are not limited to:
 - a. publications on the Hektar REIT's website.
 - b. emails, newsletters, posters.
 - c. seminars or training sessions.
 - d. town-hall sessions.
- 9.3 The Human Resource Department is responsible for organising and coordinating at least annual anti-corruption trainings for all employees to make them aware of the types of corruption they could encounter, the risks of engaging in corrupt activities, the ABAC Policy and procedures and the reporting channel. The training can be conducted in a variety of formats, which may include but not limited to:
 - a. induction programmes for new recruits featuring anti-corruption elements.
 - b. refresher trainings / briefings for existing Directors and Employees.
 - c. corporate training programmes, seminars, videos either via in-house courses or intranet or web-based learning programmes.
- 9.4 Records of trainings conducted as well as records of attendees at the trainings shall be properly kept.